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SUBJECT: COPENHAGEN CONFERENCE REVEALS QUEBEC OIL SANDS INTERESTS

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¶1. (U/NF) Summary. Controversy over Quebec's aggressive position at the Copenhagen environmental conference shed some surprising light into the connections of powerful provincial interests in the Alberta oil sands. Montreal's two major newspaper chains battled back and forth over Quebec-based Power Corporation's (Power Corp) financial ties and the corporation's alleged impact on Premier Charest's actions in Copenhagen. Whether Charest was influenced by Power Corp to tone down his criticism of the federal government is unclear, but the corporation's provincial and federal influence is undeniable. End Summary.

Charest's Strategy Under Scrutiny

¶2. (U/NF) Arriving at the COP15 Conference in Copenhagen, Quebec Premier Jean Charest, a strong federalist, openly and actively pushed Canada to do more to reduce its greenhouse gas emissions and signed a pact with 20 sub-national representatives who were similarly unsatisfied with their national governments' positions. Charest's public lobbying of his own federal government sparked strong reaction across Canada, sometimes very critical of Quebec for "undermining" federal environmental policy. Quebec won the Globe and Mail's "Denigrate Your Own Country Award", along with Ontario, for its performance in Copenhagen. The controversy continues to simmer in the Montreal news this week.

¶3. (U/NF) In Quebec, most observers praised what they saw as progressive, green policy by Charest. But Montreal's influential La Presse excoriated Charest's "arrogant" strategy, branding him "irresponsible" and disloyal to Ottawa. On December 17th, the paper defended Prime Minister Harper's Copenhagen position, insisting that the oil sands industry was vital for the economy of Canada and Quebec. La Presse's stance raised eyebrows in Quebec; the paper is federalist, but rarely so quick to jump to the federal government's defense due to an alleged slight from Quebec. Further, the paper's commentary is usually pro-environment.

¶4. (U/NF) Top circulation tabloid Journal de Montreal led several commentators in charging that La Presse's stance had been dictated by its ownership -- Power Corporation, a holding company with substantial financial interests in the oil sands. [Comment: The Ambassador met with Power Corporation officials on a recent visit to Montreal discussing the general business and political climate in Quebec in the period just before the controversy broke. The diversified management and holding company based in Montreal (\$37

billion USD revenue last year) is owned by the powerful Desmarais family. Paul Sr. and his two sons are among the most influential of Canadians and have strong political and family ties - primarily with the federal Liberals in Canada and the French President Sarkozy. End Comment]

Power Corporation and Oil Sands

15. (U/NF) Although La Presse defended its impartiality, it was hard to refute Power Corporation's financial interests in the oil sands. Power Corp is the largest individual shareholder (4.5%) in the French company Total S.A., and wields further influence with Paul Desmarais, Jr. on Total's board of directors. Total S.A. has invested \$6 billion USD in Alberta's oil sands to date, and plans to invest \$20 billion USD more over the next two decades. It is the fifth largest publicly-traded integrated international oil and gas company in the world, operating in more than 130 countries, with 96,950 employees.

Comment: Charest Tones Down Criticism

15. (U/NF) It's difficult to say whether Charest was reacting to La Presse, pressure from the Desmarais family, or another factor entirely, but by the end of the conference he lay low, passing on further media opportunities to criticize Harper. Since then, he has avoided speaking about Canada's environmental policies, focusing instead on his own plan to reduce automobile emissions in Quebec. The province is the first in Canada to adopt stricter fuel efficiency standards than the federal government. This legislation takes effect Jan. 14, 2010. Meanwhile, the oil sands controversy continues to play itself out in the media here, with the Desmarais angle as a backdrop.
MCCLenny